SHRI T. R. BALU: As stated by the hon. Minister, the safety reviews have been conducted in 91 dams as far as Tamil Nadu is concerned. But the review findings have not been provided for the same. Sir, will the Minister come forward to provide the findings, anything adverse, and the follow-up action taken by the Government? Secondly, will the Central Government come forward to finance as fas as the safety schemes are concerned?

SHRI MANOBHAI SOTADIA: Sir, the ownership of dams is of State Governments. So any amount to be incurred is to be by the State Governments.

MR. CHAIRMAN: Next question.

Internal and external value of rupee

*62. SHRI ISH DUTT YADAV:†
SHRI VIRENDRA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) what is the percentage of decline in rupee value, both external and internal, at the end of 1988-89 as compared to the rupee value at the end of 1987-88;

(b) by what percentage the import costs have gone up against the major international currencies with the decline in the rupee value and what is the consequential rise in the rate of inflation;

(c) whether ASSOCHAM had sometime back made certain suggestions to arrest the declining trend in the internal and external value of Indian rupee; and

(d) if so, what are the details thereof stating the decision if any, taken by Government thereon?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) External value of the Rupee declined by 10.5 per cent in March 1989 over March 1988 and by 13.4 per cent in March 1988 over March 1987 in terms of the intervention currency, the Pound Sterling. Internal value of one Rupee, measured as reciprocal of Consumer Price Index for Industrial Workers (Base 1982—100), amounted to 60.2 paise in March 1989 and 65.4 Paise in March 1988.

(b) The Rupee depreciated in March 1989 by 16.3 per cent in terms of US dollars, 14.2 per cent in terms of Yen and 6.8 per cent in terms of Deutsche Mark in comparison to March 1988. Other things remaining equal, rupee value of imports denominated in foreign currencies rise by the amount of depreciation of the Rupee vis-a-vis the foreign currency concerned. It is, however, not possible to precisely measure the impact of depreciation of the rupee on domestic inflation.

(c) and (d) In their paper on internal and external value of rupee the ASSOCHAM has suggested to stem the tide of inflation and contain downward slide in the value of the rupee by cutting down wasteful expenditure, curtailing budget deficits, increasing production and productivity, increasing our competitive position and marketing skills.

श्री ईश दत्त यादव : माननीय सभापति जी, माननीय मंत्री जी ने अपने उत्तर के पैराग्राफ "क" में यह कहा है कि अन्तःक्षेप मुद्रा, पाउंड स्टर्लिंग की तुलना में रुपये की बाह्य कीमत में मार्च, 1988 की तुलना में मार्च, 1989 में 10.5 प्रतिशत और मार्च, 1987 की तुलना में मार्च, 1988 में 13.4 प्रतिशत की गिरावट आई है। एसोसिएट चेम्बर आफ कामर्स एण्ड इंडस्ट्री आफ इंडिया स्टेडी ने भी कहा है कि भारतीय मुद्रा के 1987-88 के मुकाबले 1988-89 में इसकी बाह्य कीमतों में 7 प्रतिशत के बजाय 8 प्रतिशत और अन्तरिक मूल्यों में 9 प्रतिशत के बजाय 10 प्रतिशत की कमी आई है और यह निर्विवाद सत्य है। इसलिए मैं माननीय मंत्री जी से जानना चाहता हूं कि क्या भारतीय मुद्रा का अवमूल्यन हुआ है और क्या निरन्तर अवमूल्यन हुआ है? आज एक रुपए में जीवनोपयोगी जो सामान मिल रहा है, वह 1950-51 में 10 पैसे में मिलता था और 1970-71 में 23 पैसे में मिलता था। इसलिए निरन्तर अवमूल्यन हुआ है। जीवनोपयोगी वस्तुएं महंगी हुई हैं। ऐसी स्थिति में मैं माननीय मंत्री महोदय से

†The question was actually asked on the floor of the House by Shri Ish Lutt Yadav.

जानना चाहता हूं कि क्या पिछली सरकार ने इस पर कभी विचार किया ? क्या इस अत्यन्त ही महत्वपूर्ण विषय को पिछली सरकार जो कांग्रेस की और श्री राजीव गांधी जी की सरकार थी, वह जानबूझ कर देश के साथ इस तरह की उपेक्षा करती रही और विश्वासघात करती रही, उसने इस पर ध्यान नहीं दिया... (व्यवधान) पिछली सरकार ने इस पर ध्यान नहीं दिया और रुपये का अवमूल्यन हुआ और इसका देश की आर्थिक स्थिति पर बुरा प्रभाव पड़ा।

PROF. MADHU DANDAVATE: Sir, there are various factors as a result of which there is a depreciation of the currency. No doubt, as far as the internal value is concerned there are many factors inside the country which can be controlled and as as a result of that the changes can be actually restrained for instance, cutting down the wasteful expenditure, curtailing Budget deficit, increasing productivity, increasing market skills, etc.

But at the same time it must be taken note of that as far as exchange rates are concerned, they are related to the fact that our currency is connected to the basket of currencies. Therefore, any variation there also causes a corresponding variation here. All these factors together are to be taken note of and the Government will take cognizance of this and will try to take the necessary steps.

श्री ईश दत्त यादव : मान्यवर, मुझे पूरा विश्वास है कि लोकप्रिय सरकार इस मुद्रा-स्फीति पर नियंत्रण करने का प्रयास करेगी। मुद्रा-स्फीति का मुख्य कारण जो बताया गया है वह यह है कि पिछली सरकार ने बहुत फिजूलखर्ची की। मुख्य कारण यही था पिछली सरकार का फिजूल खर्च करना। मुझे विश्वास है कि हमारी लोकप्रिय सरकार जो है वह इस ओर ध्यान देगी। ... (व्यवधान)...

SHRI SATYA PRAKASH MALAVIYA: A government is a government. (*Interruptions*). It is a duly constituted Government. (*Interruptions*).

श्री ईश दत्त यादव : मैं समाप्त कर रहा हूं।

मैं माननीय मंत्री जी से जानना चाहता हूं कि क्या सरकार इस पर गंभीरता से विचार कर रही है ताकि फिजूलखर्ची पर रोक लगाई जा सके ?

श्री सभापति : फिजूलखर्ची पर कंट्रोल करेंगे, ठीक है जवाब सुनिये।

PROF. MADHU DANDAVATE: Sir, I have very briefly indicated the various factors to which the hon. Member has also referred. To quantify the problem. I would say that deficit financing is increasing to a very great extent and it has been a continuing trend. As I said earlier in this House, whereas the entire target of deficit financing in the five years of the Plan was Rs. 14000 crores of rupees at 1984-85 prices even when one year is left for the completion of the Five-Year Plan, it has gone beyond 23000 crores (23479 crores) of rupees. Therefore, the new Government will have to devise ways and means by which deficit financing can be curtailed, conspicuous expenditure can be curtailed and wasteful expenditure can be curtailed. We will have to see that the liquidity force is also curtailed. Without blaming one Government or the other, I will talk about positive steps to be taken and if these steps are taken, I think we will be able to contain the situation.

SHRI P. N. SUKUL: Mr. Chairman, Sir we come to know from Part (b) of the Statement that whereas the depreciation of the rupee was 16.3 per cent *vis a vis* US Dollar, it was 14 2 per cent *vis a vis* Japenese Yen and 6.8 per cent in terms of Deutsche Mark. In other words, in terms Deutsche Mark the rupee was quite strong. I would like to know from the hon. Minister whether the depreciation of Deutsche Mark *vis a vis* U.S. Dollar was also to the same extent.

I would also like to know from the hon. Minister whether for purposes of depreciation of the rupee, the currency of only one country is taken into account or the currencies of different countries are taken into account simultaneously.

PROF. MADHU DANDAVATE: Sir, I have made it very clear that as far as the inter-relation is concerned, it is the basket of currencies that has to be taken note of. Therefore, as a result of any variation in the basket there will be a corresponding relationship in the exchange rates. That is exactly what is happening That is why we find that in other countries also whereas one set of currencies is stronger in relation to someone, that currency is weaker in relation to someone else. Therefore, this will continue so long as the calculations are made on the basis of the basket.

SHRI SUBRAMANIAN SWAMY: Sir, the Minister has just said that a currency is strong in relation to one and weak in relation to another. I would like to know from him whether there is any major currency in the world today against which the rupee has actually either appreciated or remained steady. Or, is it that the rupee has depreciated in relation to every major currency of the world? Secondly, in order to arrest this depreciation, does the Government have any concrete action such as going to the International Monetary Fund to take a loan?

PROF. MADHU DANDAVATE: Sir, as far as part (a) of the question is concerned, I have with me a complete table from 1980 to 1989 both regarding the exchange rate of major international currencies *vis-a-vis* US dollar and also the appreciation and depreciation of the currencies. For instance, from 1981 to 1988, you will find that as regards the pound sterling if is —12 83, —13.68, —13.34, —11.91, —2.99. But in 1986, it is +13.17, in 1987 it was +11.72, and for 1988, it was +8.69. With respect to various currencies, I have similar tables for Deutsche mark, Japanese Yen....

SHRI SUBRAMANIAN SWAMY: I am sorry, Sir. It is not my question. His answer related to last year—16.4 per cent, etc. *vis-a-vis* US dollar. That is what he said. I want to know whether there is any currency in the world with respect to which the rupee has appreciated or remained steady. I donot want the exact figures. I just want the factual position, and I said whether the Government has any plan of action to arrest this decline in terms of going to the IMF.

PROF. MADHU DANDAVATE: Sir, I have already given the figures with respect to pound, deutsche mark, Japanese and French currency. And from 1986, 1987, and 1988 . . .

MR. CHAIRMAN: His question is very limited. He wants to know whether in the last year the rupee has appreciated or remained constant with regard to any major currency. You need not give for three years.

PROF. MADHU DANDAVATE: That is what I have given, Sir. That is the position in 1988...

MR CHAIRMAN: Is there any major currency with respect to which it has appreciated or remained constant?

PROF. MADHU DANDAVATE: As far as the major currencies is concerned, it has depreciated. Sir, I said that.

SHRI SUBRAMANIAN SWAMY: I asked whether you have any plan of action.

PROF. MADHU DANDAVATE: I am coming to that. Sir, he has raised in that connection also the question whether you propose to go to IMF. I wish to make a categorical statement that neither we have made any application to the IMF nor are we conducting the negotiations for the loan from the IMF.

SHRI A. G. KULKARNI: Sir, there are three parts of the question to part (a) of the question, he said that the internal value of one rupee measured as reciprocal of consumer price index for industrial workers amounted to 60.2

paise. Does it mean that the industrial worker is at a loss of about 40 paise while purchasing one rupee value of goods? The second thing, Sir, is about the ASSOCHAM observations and study to which the Minister has said that the other things remaining equal, rupee value of import denominated in foreign currencies raised by the amount of depreciation, etc. It amounts to say that the ASSOCHAM study, etc. pointed out that because of the fall of value in rupee, capital cost of industry is increasing. And that is why the benefit which ought to have gone for exports seems to be not going, and the import bill is raising in hard currency. So, what action are they taking on inflation front, on the industrial front? Without giving, Sir, stanza from the Gyaneswar that

"सर्वे भवन्तु सुखिनः, सर्वे सन्तु निरामयाः"

give some concrete proposal for this.

PROF. MADHU DANDAVATE: Sir, in fact, probably my mistake is that I have talked in terms of concrete figures and facts and not given any sermon at all. There are two aspects of the question. He said that....

SHRI A. G. KULKARNI: I am not going to pick up a quarrel with you on this.

MR. CHAIRMAN: That you can do in Pune.

PROF. MADHU DANDAVATE: Even if you pick up, I would not pick up.

Sir, coming to the hard realities of the answer to part (a) of the question, he has very rightly said that the value was 16.2 paise in March, 1989, and 16.4 paise in March, 1988. It does mean that the value of the rupee has declined to that extent. Therefore, as far as the consumers and the industrial workers are concerned, there will be pressure. Here, incidentally, I would like to clarify one thing: Many Members have been asking about that figure. Earlier, the value of the rupee dwindled down to 25 paise, 19 paise, 17 paise, etc. But I would like to clarify here that, at that time, the base was supposed to be 1960: 100 in 1960. If you calculate on that basis, the value today is 11.5 paise. But the values, namely, 60.2 paise in March, 1989, and 65.4 paise in March, 1988, are only in relation to the year 1982.

I fully agree with the hon. Member that as a result of the decline in the value of the rupee, the cost of production in industry has gone up. The cost of prouction has definitely gone up and this has also affected the entire industrial devlopment. We have to take cognisanc of that.

As far as the imports are concerned, it is a fact that if all the factors are equal, whatever is the decline in the value of the currency gets reflected in the cost of imports. But as far inflation is concerned, I would like to remind the hon. Member that, generally, inflation does not grow in the same proportion for the very simple reason that with the help of certain internal devices of the Government, certain commodity prices can be controlled and, to that extent, inflation is controlled. For instance, subsidies are given. Budgetary provisions are made. Therefore, while the cost of imports increases in the same proportion as the value of the rupee declines, inflation rate does not go up in the same proportion because of certain inbuilt factors. But whatever is the impact created by the decline in the value of the rupee due to various factors which are already mentioned, we will try to our best to see that the situation improves. (*Interruptions*)

MR. CHAIRMAN: Question No. 63.

Protest against the implementation of Narmada Valley Project

*63. SHRI GURUDAS DAS GUPTA:
SHRI CHATURANAN MISHRA:†

Will the Minister of WATER RESOURCES be pleased to state:

(a) whether Government are aware of the massive protest against the im-

†The question was actually asked on the floor of the House by Shri Chaturanan Mishra.